

## Market Commentary

**Recap:** The oil markets continued to wander about in a sideways trading pattern today as traders appear to hold little conviction on the direction of prices here near term, especially as it appears many are absent from trading due to vacations. Volume this week in the WTI futures contract was 11% less than a week earlier, with the total daily volume on Friday posting the smallest daily total in two weeks.

**Technical Analysis:** While this afternoon's Baker Hughes drilling activity report continued to point towards declining future production levels, as drilling activity levels fell for the 15th consecutive week to record lows, the uncertainty surrounding the impacts of the virus in the coming weeks, especially as schools reopen across the nation appear to be helping to keep the market directionless. The September WTI daily stochastics which had crossed to the upside earlier this week had once again converged and possibly rolled over to the downside today. The products market technically looked mixed with gasoline still pointing to an upward trending market for the eighth consecutive session, with heating oil stochastics are trending lower for the 6th consecutive trading session. The prospects for a "hyperactive tropical" season starting August 20th and lasting 6-8 weeks should probably continue to help support gasoline given the risk for disruption to refinery production. The Oct RBOB/WTI crack spread unfortunately did not give us an opportunity to enter today but we would still be on the lookout for any pull backs below the \$7.00 level to the \$6.75-\$6.80 level as a buying opportunity.

**Fundamental News:** Baker Hughes reported that U.S. energy firms cut the number of oil and natural gas rigs operating to a record low for a 15th week. The U.S. oil and gas rig count fell by three to a record low of 244 in the week ending August 14th. The number of rigs searching for oil in the week ending August 14th fell by 4 to 172, while the number of rigs searching for natural gas increased by 1 to 70 on the week.

Three OPEC+ sources said an OPEC+ ministerial panel monitoring the group's oil supply reduction deal will hold its next virtual meeting on August 19th, a day later than previously planned. Last month the JMMC recommended that the cut be eased from August 1st to about 7.7 million bpd from a reduction of 9.7 million bpd previously, in line with an earlier OPEC+ agreement. That change was implemented this month. Russia's Energy Minister, Alexander Novak, said there have been no additional proposals to change the deal.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.97 million bpd of capacity in the week ending August 14th, increasing available refining capacity by 270,000 bpd from the previous week. Offline capacity is expected to increase to about 4 million bpd in the week ending August 21st and fall to 3.91 million bpd in the subsequent week.

Tankers carrying Iranian fuel cargoes covered by a U.S. warrant for seizure are sailing to the United States after talks between U.S. authorities and ship owners. Iran had planned to transport the gasoline to Venezuela. The U.S. Justice Department said it executed a seizure order and confiscated cargo totaling 1.116 million barrels of petroleum from four vessels. It disrupted fuel shipment by Iran's Revolutionary Guard bound for Venezuela. Meanwhile, an unnamed official said no Iranian ships or gasoline cargoes have been seized.

U.S. crude oil shipments to China will increase sharply in coming weeks. Chinese state-owned oil firms have tentatively booked tankers to carry at least 20 million barrels of U.S. crude for August and September, moves that may ease U.S. concerns that China's purchases are trending well short of purchase commitments under the Phase 1 of the trade deal.

**Early Market Call - as of 9:00 AM EDT**

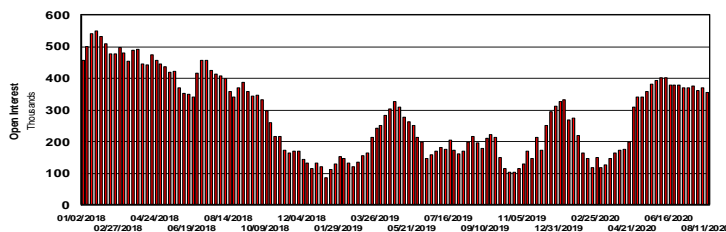
WTI - Sep \$42.00, down 1 cents  
 RBOB - Sep \$1.2570, up 1.24 cents  
 HO - Sep \$1.2300, down 65 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2367	-0.0014	-0.0168
Oct-20	1.2592	0.0001	-0.0164
Nov-20	1.2827	0.0006	-0.0190
Dec-20	1.3038	0.0006	-0.0202
Jan-21	1.3226	0.0004	-0.0204
Feb-21	1.3374	0.0003	-0.0207
Mar-21	1.3464	0.0003	-0.0204
Apr-21	1.3503	0.0004	-0.0195
May-21	1.3576	0.0006	-0.0188
Jun-21	1.3673	0.0010	-0.0194
Jul-21	1.3821	0.0015	-0.0202
Aug-21	1.3961	0.0018	-0.0207
Sep-21	1.4090	0.0021	-0.0211
Oct-21	1.4205	0.0024	-0.0213
Nov-21	1.4307	0.0024	-0.0210
Dec-21	1.4385	0.0023	-0.0204
Jan-22	1.4491	0.0026	-0.0206

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.49	\$42.3100	-\$0.2100
Crude - Brent		\$44.8000	-\$0.1600
Natural Gas		\$2.3560	\$0.1740
Gasoline		\$1.2446	\$0.0098

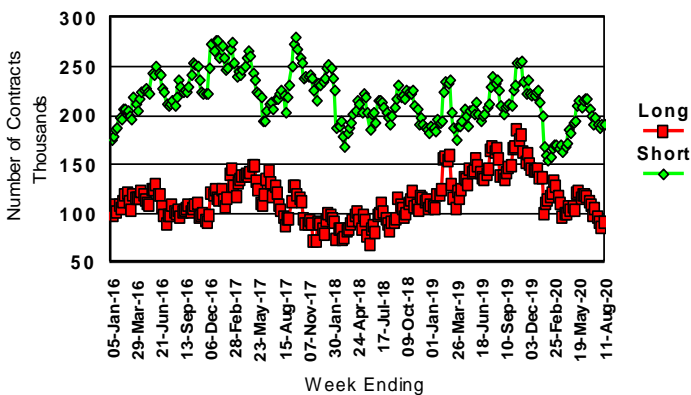
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending August 11, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

